

**DOCKET NO.: \*\*OO-0145**

**PATENT**

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

In re Application of: **Charles Eric Hunter, et al.** Confirmation No.: **8435**

Serial No.: **09/707,273**

Filing Date: **November 6, 2000**

Appeal No.: **2008-4518**

Examiner: **Cuong H. Nguyen**

Group Art Unit: **3661**

For: **MUSIC DISTRIBUTION SYSTEMS**

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Sir:

**REQUEST FOR REHEARING UNDER 37 C.F.R. § 41.52**

This request for rehearing is being filed in support of Appellant's appeal from the rejections of claims 40-72 dated September 26, 2005. An original appeal brief was filed on March 7, 2006. A first amended appeal brief pursuant to a notice of non-compliance was filed on June 14, 2006. A second amended appeal brief pursuant to a second notice of non-compliance was filed on November 9, 2006. A third amended appeal brief was filed pursuant to a notice of non-compliance dated November 30, 2006. This request is filed pursuant to the Decision of the Board dated February 19, 2009.

Appellant can discern no fee required for filing this request for rehearing. However, if a fee is required, please charge Deposit Account No. 23-3050.

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### 3. ARGUMENT

Patent Owner, Ochoa Optics, LLC (Appellant), requests rehearing of the Board's decision of February 19, 2009, affirming the Examiner's rejection of claims 40-72. For the reasons set forth below it is believed that the Board erred in its determinations (1) that Schulhof, U.S. Patent No. 5,572,442 ("Schulhof"), anticipates claims 40-42, 48, 50, 52-54, 60, 62, and 64-71, (2) that Schulhof renders claims 49, 51, 61, 63, and 72 obvious, and (3) that Schulhof in view of McMillen, U.S. Patent No. 5,483,535 ("McMillen") renders claims 43-47 and 55-59 obvious.

#### I. Claim 40

Claim 40 reads, in full:

A method comprising:

automatically charging a consumer for a music selection made by the consumer, said charging triggered upon the consumer recording the music selection on a storage medium located at a consumer site.

Schulhof describes a method for transferring music to a customer. The relevant portion of Schulhof, upon which the Board (slip op., page 5) relies, states:

Operation of the system is as follows: (1) the subscriber attaches the portable device to a cable television converter and selects a dedicated data exchange channel, e.g. Channel 66, that provides a menu display which includes a catalog of available audio program material; (2) using a two-way feedback selection device, such as the television remote control unit or a touch tone telephone connection to a control center, the subscriber selects the desired audio program material and then authorizes billing to a credit card or other account; (3) high speed data transfer may begin immediately, or it may be deferred as desired (for example, to a time when the television cable is not otherwise in use, e.g. 2:00 A.M.); (4) after data transfer is complete, the portable device may be removed from the base location and taken to a vehicle or other mobile location for playback as desired.

(Schulhof, col. 5, ll. 5-20.)

The Board construes the claim terms "automatically," "charging" and "triggered" on the basis of *Webster's New World Dictionary* 93 (3<sup>rd</sup> Ed. 1988). Slip op. at 4. Based upon these dictionary definitions the Board construed claim 40 as encompassing "someone or something asking, without conscious thought, payment from a consumer for a music selection, where the request for payment is initiated upon the consumer recording the music selection..." Slip op. at 8.

The Board found that Schulhof “expressly describes all the limitations of the claimed method except for “automatically charging the consumer...*upon the consumer recording the music selection* on a storage medium located at a consumer site.” Slip op., page 9 (emphasis in original). The Board concluded, that “[o]ne of ordinary skill in the art readily understands that once a consumer authorizes billing to credit card for payment of the purchase of the product, the card will **normally** be automatically charged and that that automatic charge will be effected **either** at the time of authorization **or** soon thereafter.” *Id.*, (emphasis added). The Board ultimately agreed “with the Examiner that the aspect of the claimed method whereby a consumer is charged upon recording of a music selection is ‘inherent to the cable system taught by Schulhof’.” Slip op. at 10. In its conclusion that claim 40 is anticipated by Schulhof, the Board erred by misconstruing claim 40 and incorrectly applying the law of inherency.

**A. The Board improperly construed claim 40**

In the Board’s claim interpretation, the Board improperly construed claim 40 by ignoring the term “triggered” in its anticipation analysis even though the Board asserted an ordinary meaning by reference to a dictionary definition. In construing claim limitations it must be kept in mind that “as an initial matter, the PTO applies to the verbiage of the proposed claims the broadest reasonable meaning of the words in their ordinary usage as they would be understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in the Appellant’s specification.” *In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997). In addition to being read in light of the specification, a claim term must be read in context of the particular claim itself. *Phillips v. AWH Corp.*, 75 U.S.P.Q.2d 1321, 1325 (Fed. Cir. 2005) (en banc). Importantly, the Federal Circuit has taught that “the context of the surrounding words of the claim also must be considered in determining the ordinary and customary meaning of those terms.” *ACTV, Inc. v. Walt Disney Co.*, 68 U.S.P.Q.2d 1516, 1521 (Fed. Cir. 2003).

Claim 40 recites, in part, “automatically charging a consumer for a music selection made by the consumer, said charging *triggered* upon the consumer recording the music selection on a storage medium located at a consumer site.” (Emphasis added.) As noted, in the Board’s Finding of Fact, the Board interpreted the terms “automatically,” “charge” and “trigger” as meaning “done without conscious thought or volition,” “to ask payment,” and “to initiate (an action),” respectively. Slip op. at 4. As also noted, the Board paraphrased claim

40 using the dictionary definitions to mean, “someone or something asking, without conscious thought, payment from a consumer, where the request for payment is initiated upon the consumer recording the music selection on a storage medium located at a consumer site.” Slip op. at 8.

After paraphrasing the claim and its interpretation of Schulhof’s teachings, the Board proceeds to state that “all the limitations of the claimed method [are expressly taught] except for ‘automatically charging [the] consumer...*upon the consumer recording the music selection* on a storage medium located at a consumer site.’” Slip op. at 9 (emphasis in original); see also slip op. at 3 (indicating that the issue on appeal turns on whether Schulhof describes “automatically charging a consumer...*upon the consumer recording the music selection...*”). The Board’s discussion that follows focuses on whether Schulhof teaches that the billing occurs “*either* at the time of authorization *or* soon thereafter.” *Id.*

The Board erred in interpreting the terms of claim 40 out of context. Specifically, the Board erred in placing its “focus” on one aspect of claim 40 and not considering each questioned term in light of the entirety of claim 40. The Board erred by not properly construing the claim feature “said charging [is] *triggered* upon the consumer recording the music selection” (emphasis added) in the context of claim 40 as a whole.

The Board defined “trigger” as “to initiate (an action).” Slip op. at 4. Thus, properly construed, the automatic charging feature of claim 40 is “triggered,” or in the Board’s view “initiated,” “upon the consumer recording the music selection....” It is the act of recording the music that “triggers” or “initiates” the automatic charging of claim 40. This is in direct contrast to Schulhof, which describes a method where recording occurs *only after* billing has been authorized. According to claim 40, the consumer “hits the record button” or in some other manner begins recording the music selection, which action automatically triggers or initiates charging the consumer for the selection which is being recorded. A consumer using the Schulhof method must authorize payment *before* “hitting the record button” or in some manner begins the recording of the music selection. When claim 40 is read in its entirety and each of the claim features is read in proper context it is seen that the Board erred in its claim construction and thus its anticipation analysis.

It is believed this error was induced by the Board phrasing the issue on appeal as “whether Schulhof describes ‘automatically charging a consumer...upon the consumer recording the music selection.’” Slip op. at 3. By phrasing the issue in this manner, the

Board read the claim terms out of context by ignoring the term “said charging triggered.” Regardless, the Board erred in its construction of claim 40.

**B. The Board’s anticipation analysis failed to show that each and every recitation is found in a single reference**

The Board failed to properly support the anticipation rejection of claim 40 because it failed to show that the recitation “said charging triggered upon the consumer recording the music selection” is described in Schulhof. As noted by the Board in its affirmance, “[a] claim is anticipated only if *each and every element* as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Verdegaal Bros., Inc. v. Union Oil Co. of Cal.*, 814, F.2d 628, 631 (Fed. Cir. 1987) (emphasis added); see also *In re Crish* 393 F.3d 1253, 1256 (Fed. Cir. 2004) and *Celeritas Techs. Ltd. v. Rockwell Int’l Corp.*, 150 F.3d 1354, 1360 (Fed. Cir. 1998).

As noted above, the Board construed claim 40, in part, to encompass, “the request for payment is initiated upon the consumer recording the music selection on a storage medium located at a consumer site.” Slip op. at 8. The Board indicates that Schulhof teaches that “the subscriber ‘*authorizes billing* to a credit card or other account’ once the subscriber selected the desired audio program.” Slip op. at 9 (emphasis in original). The Board further indicates that Schulhof does not explicitly teach when the customer is actually billed, and then goes into an analysis of when the credit card of the customer in Schulhof is actually charged. Slip op. at 8-10. However, the Board fails to address when the **charging** of Schulhof’s customer is “triggered” or “initiated.” Claim 40 recites “said charging triggered upon the consumer recording the music selection” which the Board interprets as “the asking for payment is initiated upon the consumer recording the music selection.” Schulhof does not describe this feature of claim 40, either expressly or inherently.

In contrast to the automatic charging being triggered or initiated upon the customer recording the music selection, the Board’s analysis indicates that Schulhof teaches the charging being triggered by the customer **authorizing billing**, not by the consumer recording the music selection. In response to the Schulhof’s teaching that the subscriber “authorizes billing to a credit card,” the Board states:

One of ordinary skill in the art readily understands that *once a consumer authorizes billing to a credit card for payment of the purchase of a product, the credit card will normally be automatically charged* and that that automatic charge will be effected either at the time of authorization or soon thereafter. *This is a natural result that flows from an authorization to bill a credit card.*

Slip op. at 9 (emphasis added). The highlighted portions of the Board's analysis indicate that the charging of the subscriber's credit card is initiated in response to the subscriber's billing authorization. If, as the Board suggests, Schulhof teaches that charging a credit card is the "natural result" of a subscriber authorizing billing, then Schulhof teaches charging initiated upon a customer authorizing billing. Thus, instead of analyzing whether Schulhof teaches charging *triggered* upon the customer recording the music selection, the Board analyzed whether Schulhof teaches that the authorized billing to a customer's credit card actually occurs when the customer is recording a desired audio program. Claim 40 is directed to the triggering of the billing process, not the mechanics or process that may be used by a vendor in response to the trigger. Claim 40 is concerned with the point in time the billing or charging process is *triggered*, not the events that may occur in the billing or charging process *after* the charging or billing process is triggered.

By failing to determine whether Schulhof describes "said charging *triggered* upon the customer recording the music selection," the Board erred in its anticipation analysis by not showing that Schulhof describes each and every recitation of claim 40.

### **C. The Board incorrectly applied the law of inherency**

Assuming, *arguendo*, that the Board correctly construed claim 40, a point not conceded, the Board erred in its application of the law of inherency. A claim is anticipated only if each and every recitation of the claim is found described "either expressly or inherently" in a single prior art reference. *Verdegaal Bros.*, 815 F.2d at 631. When a recitation of the claim is not found expressly in the single prior art reference, the recitation may be found inherent in the reference if the missing descriptive material is "necessarily present." *Continental Can Co. v. Monsanto Co.*, 20 U.S.P.Q.2d 1749, 1749 (Fed. Cir. 1991); *see also Scaltech Inc. v. Retec/Tetra L.L.C.*, 51 U.S.P.Q.2d 1055, 1059 (Fed. Cir. 1999) and *Trintec Industries Inc. v. Top-U.S.A. Corp.*, 63 U.S.P.Q.2d 1597, 1599 (Fed. Cir. 2002). However, inherency may not be established by probability or possibility; "[t]he mere fact that a certain thing may result from a given set of circumstances is not sufficient to establish inherency." *Trintec Industries*, 63 U.S.P.Q.2d at 1599.

Apart from its error in construing claim 40, the Board erred in finding that Schulhof inherently discloses "automatically charging...upon the consumer recording the music selection." As found by the Board, *see slip op.* at 5, Schulhof describes:

- (2) using a two-way feedback selection device..., the subscriber selects the desired audio program material and then authorizes billing to a credit card or other account; (3) high speed data transfer *may begin*



*immediately*, or it *may be deferred* as desired (for example, to a time when the television cable is not otherwise in use, e.g.,] 2:00 A.M.);

Schulhof, col. 5, ll. 9-15 (emphasis added). Here, once the subscriber selects the desired audio program and authorizes billing to the credit card account, then the high speed data transfer “may begin immediately” or “may be deferred.” In its analysis, the Board finds that “once the subscriber ‘authorizes billing to a credit card or other account’ upon selecting the desired audio program material to be recorded, the credit card would be automatically charged *either at the time of authorization...or soon thereafter.*” Slip op. at 10. Taking the language of Schulhof and the conclusions of the Board in combination it is seen that Schulhof describes a method in which (1) the data transfer may occur immediately after the billing authorization, not the consumer recording the music selection as in claim 40, and the credit card may be charged soon thereafter; and (2) the credit card may be charged immediately and the data transfer may be deferred.

A careful reading of the Board’s decision shows that the Board has not properly established that Schulhof describes that the automatic charging is triggered or initiated upon the consumer recording the music selection. After discussing how one of ordinary skill in the art would read Schulhof, the Board states:

once the subscriber “*authorizes billing* to a credit card or other account” upon selecting the desired audio program material to be recorded, the credit card would be automatically charged either at the time of authorization, i.e., upon selecting the desired audio program material to be recorded, or soon thereafter, i.e., “upon the consumer recording the music selection on a storage medium located at a consumer site” (claim 40).

Slip op. at 10 (emphasis in original). First, this part of the Board’s analysis ignores the claim feature that the automatic charging is triggered upon the recording of the music selection. Again, claim 40 does not involve when a credit card or other account is actually billed by the vendor of the music selection. Rather claim 40 features the triggering of the automatic charging of the consumer by vendor. Second, even under the Board’s erroneous claim construction, the Board’s anticipation analysis sets forth at least two possible times when the subscriber’s card may be “billed,” [1] upon the customer’s selection of the desired audio program (at the time of authorization), or [2] upon the recording of the music selection (soon after the time of authorization). Thus, even according to the Board’s characterization of Schulhof’s teachings, the Board has only set forth possible alternatives within the alleged teachings of Schulhof and at that, neither meets the terms of claim 40. Thus, the Board’s

own analysis is cast in probabilities and possibilities as to what steps may occur in executing the Schulhof method.

Again, neither of the Board's alternatives takes into account the "triggered" feature of claim 40. While the Board's analysis is not entirely clear, it is believed the Board's position is that the consumer's "authorization" of billing in Schulhof corresponds to the "triggering" of the "automatically" charging feature of claim 40. The Board's focus on events after the "authorization" that must occur before recording is allowed in Schulhof is believed to be at the root of the error in the Board's analysis. Thus, as explained above, Schulhof does not explicitly or inherently describe the automatic charging a consumer of a music selection that is *triggered* or initiated upon the consumer recording the music selection.

Assuming, *arguendo*, that the Board's analysis that focuses on the billing process, not authorization of billing that triggers that process in Schulhof is correct, a point not conceded, the Board showed only that, at best, it is a mere possibility that the subscriber is "charged" upon the subscriber recording the music selection, it was error for the Board to find that Schulhof inherently taught that an automatic charge is triggered upon the subscriber recording the music selection.

## II. Claim 43

Claim 43 recites, in full:

The method of claim 40 further comprising:

informing the consumer that the music selection is available for purchase if said music selection is about to be made at a peer-to-peer music sharing system used by said consumer; and

providing a mechanism for the consumer to order said music selection while at a website of said peer-to-peer music sharing system.

The Board held claim 43 as obvious over Schulhof in view of McMillen. Schulhof teaches the pay per view cable system described above. McMillen describes a peer-to-peer network which allows the users of the network to freely share information with each other over the network. McMillen, col. 3, ll. 55-61; see also col. 4, ll. 4-7. McMillen actually defines peer-to-peer architecture as "[a]ny device can send messages directly to any other device on the [network], or to all devices at once." *Id.* at col. 4, ll. 21-22.

### A. The Board improperly construed claim 43

The Board notes that claim 43 allegedly "encompasses the situation where *no* music selection 'is about to be made at a peer-to-peer music sharing system'." Slip op. at 14. However, when claim 43 is read as a whole it is seen that that possibility can only occur after

the method of claim 43 has inferentially performed an analysis of the request and determined whether the selection is to be made at such a site. While claim 43 does not explicitly state “determining whether the selection to be made is to occur at a peer-to-peer music sharing system,” claim 43 requires such a step. How else can the method of claim 43 be performed except to first determine whether the selection is about to be made at peer-to-peer music sharing system? Even under the Board’s analysis that claim 43 allegedly “encompasses the situation where *no* music selection ‘is about to be made at a peer-to-peer music sharing system,’” the method of claim 43 must make that determination. Thus, the Board’s construction of claim 43 is unreasonable and if adhered to would rewrite claim 43.

The Board should understand that there is no need for claim 43 to explicitly recite a “determining” step. By way of analogy, a method which includes as a step “informing the consumer whether the water to be bathed in is scalding” would not require an explicit step of measuring the temperature of the water. Rather, a person of ordinary skill in the art in reading such a claim would understand that the method inferentially requires step of measuring the temperature of the water. Thus, the Board’s construction of claim 43 is unreasonable and erroneous and should be withdrawn.

**B. The Board erred by holding that the first recitation of claim 43 did not need to be found in the prior art**

The Board erred by holding that it was unnecessary to find the “informing the consumer that the music selection is available for purchase if said music selection is about to be made at a peer-to-peer music sharing system used by said consumer” recitation of claim 43 in the prior art. The Federal Circuit has held that “[i]t is of course true that method steps may be contingent.” *Cybersettle, Inc. v. Nat’l Arbitration Forum, Inc.*, 243 Fed. Appx. 603, 607 (Fed. Cir. 2007). However, where a claimed method is contingent, “[i]f the condition for performing a contingent step is not satisfied, the performance recited by the step need not be carried out in order for the claimed method to be performed.” *Id.* Thus, where the contingent step is satisfied, the recited step needs be performed.

The Board held it unnecessary to find “informing the consumer that the music selection is available for purchase” because the condition claim encompasses the situation where no music selection is about to be made at a peer-to-peer music sharing system. Slip op. at 14. The Board then explains that the “providing a mechanism for the consumer to order said music selection while at a website of said peer-to-peer music sharing system” claim 43 are made obvious by substituting the peer-to-peer network of McMillen for the pay

per view system of Schulhof. *Id.* at 14-15. Thus, the conditional statement of claim 43, “if said music selection is about to be made at a peer-to-peer music sharing system used by said consumer,” is necessarily satisfied because, according to the Board, the combination of McMillen and Schulhof teaches a system of providing music to a customer via a peer-to-peer network.

As noted above, the Federal Circuit held that where the condition of a conditional method step is satisfied, the method is not performed if the step is not performed. Similarly, Appellant submits that when a combination of prior art references is used to make obvious a the non-conditional steps of a claimed method, and that combination necessarily satisfies the condition of a conditional step, then that conditional step must be performed in order for the combination of art to make obvious the entire claim. Here, the combination of McMillen and Schulhof is used by the Board to make obvious providing music selections to a consumer via a peer-to-peer network. This combination satisfied the “if said music selection is about to be made at a peer-to-peer music sharing system used by said consumer” condition of claim 43. Although the condition is satisfied, the Board fails to show that the combination of McMillen and Schulhof teaches “informing the consumer that the music selection is available for purchase.” Therefore, the Board erred in holding that it was unnecessary to find the “informing the consumer that the music selection is available for purchase if said music selection is about to be made at a peer-to-peer music sharing system used by said consumer” recitation of claim 43 in the prior art.

**C. The Board erred in finding it obvious to substitute a peer-to-peer system for a pay per view cable system**

The Board erred by finding it obvious to substitute McMillen’s peer-to-peer system for Schulhof’s pay per view system because a pay per view system teaches away from a peer-to-peer system. In *KSR*, the Supreme Court explained that, when the prior art teaches away from a combination, that combination is more likely to be nonobvious. *KSR International Co. v. Teleflex Inc.*, 82 U.S.P.Q.2d 1385, 1396 (2007). The Federal Circuit subsequently clarified that “[a] reference may be said to teach away when a person of ordinary skill, when reading the reference, would be discouraged from following the path set out in the reference, or would be led in a direction divergent from the path taken by the applicant.” *In re ICON Health and Fitness, Inc.*, 83 U.S.P.Q.2d 1746, 1751 (Fed. Cir. 2007) (citing *In re Gurley*, 27 F.3d 551, 553 (Fed. Cir. 1994)).

A peer-to-peer network permits a user to search the content libraries of users on the network and copy content from the other users' libraries. Specification, page 41, line 11 – page 42, line 9. In return, the user's library is made available to the other users such that the other users can copy content from the user's library. *Id.* McMillen further describes that each user in the peer-to-peer network can communicate information to any or all other users of the peer-to-peer network. McMillen, col. 4, ll. 21-22. In contrast, Schulhof's cable pay per view system teaches a central content library, where users can select content for viewing and/or listening by first paying a fee. Schulhof, col. 6, ll. 4-13 and 25-32. Such a cable pay per view system ensures that the user pays for the content before it is downloaded. *Id.* at col. 7, line 61 – col. 8, line 4. After reading the teachings of Schulhof, one of ordinary skill in the art would not have found it obvious to replace Schulhof's pay per view system with a peer-to-peer network. If the objective of the pay per view system is to ensure payment for each viewing of the content, one of ordinary skill in the art would be led away from using a peer-to-peer network because once one user downloaded content from a central library, any other user could use that same content without paying for it. One of ordinary skill in the art would recognize that allowing users to share content would prevent the users from being charged for viewing and/or listening to the content because the peer-to-peer system would not ensure payment to the original distributor of the content before the user had access to it. The proposed combination lacks logic.

Therefore, because the Board failed to appreciate that Schulhof teaches away from substituting a pay per view cable system with a peer-to-peer system, it was error for the Board to find claim 43 obvious by substituting McMillen's peer-to-peer system for Schulhof's pay per view system.

### **III. Conclusions**

The Board erred in finding claim 40 anticipated by Schulhof because (1) the Board did not properly construe the claim terms, (2) the Board failed to show that Schulhof describes each and every recitation of claim 40, and (3) the Board incorrectly applied the law of inherency. The Board also erred in finding claim 43 obvious over Schulhof in view of McMillen because (1) the Board improperly construed claim 43, (2) the Board held that the first recitation of claim 43 need not be taught or suggested in the prior art, and (3) the Board failed to find that Schulhof teaches away from the teachings of McMillen.

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**PATENT**

Date: April 17, 2009

/Jon M. Isaacson/

Jon M. Isaacson

Registration No. 60,436

Woodcock Washburn LLP  
Cira Centre  
2929 Arch Street, 12th Floor  
Philadelphia, PA 19104-2891  
Telephone: (215) 568-3100  
Facsimile: (215) 568-3439